

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6726

BILL NUMBER: SB 335

NOTE PREPARED: Feb 2, 2010

BILL AMENDED: Feb 1, 2010

SUBJECT: Tax Sale Procedures.

FIRST AUTHOR: Sen. Broden

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) *Certification of Tax Sale Property List*- The bill provides that the tax sale property list may be certified on or after January 1 and not later than 51 days after the first tax payment due date.

Costs Recovery- The bill allows a county to recover its costs of sale of certain certificates of sale.

Tax Sale Surplus Fund- The bill requires court approval of certain claims against the tax sale surplus fund. The bill places restrictions on agreements by property owners for location, delivery, recovery, or assistance in the recovery of money deposited in the tax sale surplus fund.

Certificate of Sale- The bill allows the county executive to assign a certificate of sale with respect to real property to any political subdivision, and provides that the period of redemption of the real property is 120 days after the assignment.

Invalid Tax Sale- The bill establishes procedures to account for funds if a tax sale is declared invalid.

Sheriff's Sales- The bill allows a sheriff's sale to proceed only if the tax sale redemption amount and outstanding property taxes, special assessments, penalties, and interest are paid.

Notice- The bill requires notice to a tax sale purchaser of certain actions proposed with respect to the property under the unsafe building statute.

Effective Date: Upon passage; July 1, 2010.

Explanation of State Expenditures:

Explanation of State Revenues: *Tax Sale Surplus Fund-* If more claims to the local tax sale surplus funds are decided in court, court fee revenue to the state General Fund would increase.

Court Fee Revenue: A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures: *Certification of Tax Sale Property List-* This provision could save expense and administrative time if a county did not hold a tax sale in a given year.

Invalid Tax Sale- In the event of an invalid sale, under the bill, the county auditor would have to refund the purchase money and an additional 6% per annum of interest. Secondly, the auditor would then certify the amount paid as a lien against the property and as a civil judgement against the property owner.

Sheriff's Sales- This provision could reduce sheriff sales in instances where if a person with a tax praecipe does not pay the required outstanding property taxes, special assessments, penalties, and interest.

Explanation of Local Revenues: (Revised) *Costs Recovery-* This provision would allow the counties to recover sale, advertising, and other costs related to the selling of certain certificates of sale.

Tax Sale Surplus Fund- Court Fee Revenue: If more surplus claims are decided in court, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Background Information- The SRI corporation, which currently contracts with 79 Indiana counties to conduct tax sales, reported owners of approximately 2,750 parcels in 10 counties paid delinquent taxes and penalties *prior* to tax sale of the parcels as of September for CY 2009. Penalty amounts paid for CY 2009 are currently unavailable.

The following table provides further statistics from the counties under contract with SRI.

CY	Number of Parcels with Taxes and Penalties Paid Prior to Tax Sale	Number of Parcels Offered for Tax Sale	Number of Counties with Tax Sales During Year
2000	12,215	11,447	67
2001	15,172	10,353	71
2002	15,556	9,633	73
2003	8,293	6,818	31
2004	13,938	5,980	46
2005	15,819	8,435	64
2006	18,867	16,356	71
2007	12,795	16,380	47
2008	9,563	6,694	39
2009*	2,754	2,328	10
Ten-Year Total	124,972	94,424	
*Through September 2009			

State Agencies Affected:

Local Agencies Affected: Trial courts; county auditors.

Information Sources: James Hughes, SRI, 842-5818.

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